

Statement of the Honorable Timothy H. Bishop
First Congressional District of New York
Committee on Budget
February 14th, 2006

Mr. Chairman, ranking member Spratt, and distinguished members of the Budget Committee, thank you for this opportunity to discuss why federal higher education loan programs should be higher priorities in the President's budget if we're really serious about helping students pursue the dream of a college education and keeping our workforce competitive.

With every academic milestone, a high school diploma, vocational certification, an undergraduate degree or graduate degree, a person's lifetime earning potential grows. For many young Americans, higher education is the ticket to success. Some even consider it a basic human right. But each one of us can agree that every high school senior who qualifies academically deserves the chance to go to college.

After working at Southampton College on Long Island for nearly three decades, I have come to fully understand how difficult it is for students and their families to afford a higher education. Every day, I worked with them – to scrape up the money, grants, scholarships, whatever we could find – to help them realize part of the American dream – the opportunity to go to college.

Therefore, I appear before this committee, not on behalf of a special interest or a local project for New York's first congressional district, but as a concerned member of the Education and the Workforce Committee, who appreciated hearing the President say during the State of the Union that America's "*greatest advantage in the world has always been our educated, hardworking, ambitious people – and we're going to keep that edge.*"

Unfortunately, the budget shortfall for education – a decrease of \$2.1 billion or 3.8 percent below last year's level – belies the President's pledge, and deflates the promise of the proposed American Competitiveness Initiative, which would fund 70,000 new high school advanced math and science teachers. The ongoing impasse over our failure to reauthorize the Higher Education Act is another setback making it harder to meet this pledge.

Like many who have always voted to support student loans, and who place a higher value on the benefits of a college degree than the President's budget request provides, I share your disappointment. And those of you who are the proud parents of a college student are undoubtedly aware that college tuition at public universities increased 14 percent last year, with jumps of 20 to 30 percent in several states.

These rates are increasing faster than the financial assistance given to students, which makes attending college all that more difficult and limits the choices that graduates can make, discouraging many of them from seeking a college education at all. The greatest disservice that we have done to middle class families in America is to convince them of the necessity of a college education, but then place this education financially out of their reach.

In fact, the Congressional Advisory Committee on Student Financial Assistance estimates that financial barriers will prevent 4.4 million high school graduates from attending a four-year public college over the next decade, and prevent another two million high school graduates from attending any college at all. As a result, the United States is projected to face a shortage of up to 12 million college-educated workers by the year 2020, directly threatening America's economic strength and global competitiveness.

As families face these harsh realities, they are right to question why the President and Congress continue to ignore steps they can take to make college more affordable and to make sure that this American dream does not slip out of reach. Still, we are not yet making the investments needed in higher education to support these costs.

For example, the President's budget freezes the maximum Pell grant award at \$4,050, for the fourth year in a row, despite rising tuition and stagnant federal investment. In 1975, the Pell Grant covered 80 percent of the cost of a four-year public college education. Today, that number is closer to 40 percent. President Bush made a promise to students six years ago, that under his administration the maximum Pell Grant award would increase to \$5,100, but thus far, that promise is an empty one.

Furthermore, although investing \$100 million into an unproven school voucher program, the President's budget freezes funding for SEOG and federal work-study, two programs that provide the neediest students additional money for college.

And in what might be the most disturbing portion of this budget, the President proposes recalling the federal portion of the revolving fund for the Perkins Loan Program. The funds, which are made up of federal "capital contributions," institutional matches, and repaid Perkins loans, are used to make new loans to students from low-income and middle-income families. The budget calls for the government to recall the revolving funds used by institutions, requiring colleges and universities to pay back nearly \$644 million. As a result, this year more than 460,000 low- and middle-income students will be denied low-cost loans to help pay for their college education.

This cut, when coupled with the \$12 billion in cuts to student loans authorized under the Deficit Reduction Act, is particularly devastating and will present an enormous hardship for the student in the future.

The "Education" President has had much to say recently about competitiveness. State of the Union rhetoric sounds inspiring but it doesn't keep tuition in check or sharpen our competitive edge. Only real actions can do that. Therefore, I suggest we back up our promises to America's students by fully funding Pell grants, Perkins loans, and other student aid programs in the budget resolution. I look forward to working with you toward that end and am happy to answer any questions you may have at this time.